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BEGINNING FARMERS,

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Every year around 80,000 new farmers are needed to replace those retiring. This means 50 to 60 in a typical midwestern county. It assumes 36 years as average period of a family on a farm. This results in a replacement ratio of 2.8 percent.

Counting the large number of families beginning immediately after World War II, there are now on farms in the United States around 1,000,000 families who have started since the War.

Not all these beginners have serious problems. Many, especially those receiving family help, have done quite well. However, studies in Iowa, Ohio, Minnesota and North Dakota show that many of these beginners do have serious problems, particularly in finance, and as a group, they are short on capital.

In studying beginning farmers as a group, the NPA does not assume that everyone who simply wants to farm can do so or even should do so. More than half the boys and girls reared on U. S. farms must leave the farm to seek a livelihood elsewhere.

As a group, the two major problems facing these families are: (1) Shortage of capital and (2) limited managerial ability.

These youngsters are starting in a period of heavily capitalized farming - where labor used is decreasing but capital per worker increasing.

Capital per worker on U. S. farms - - - $15,860
Capital per worker in U. S. industry- - 7,720

Working capital alone (machinery, equipment, breeding stock)
on typical Midwestern farm - - - - - -$9,000 to $14,000
Working capital on Southern farm - - - - 4,000 to 6,000

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Moreover, annual cash operating costs are constantly increasing - e.g., seed, fertilizer, gasoline, insecticides, etc.

Most beginning farmers must rely on credit. Some, who can lean on the family are having no difficulties. But for the great majority, the vital need is for improved intermediate credit - credit that is extended for a 3 to 5 year period allowing repayment from the earnings. Short term credit is now used for these longer term needs - notes written for 9 to 12 months and renewable at the discretion of the lender.

As noted earlier, families are now an important source of such credit. Local banks are limited because of the need to keep their deposit funds liquid, hence the 9 to 12 month loan. Landlords often help their tenants with credit. PCAs have requirements about like banks. FHA has several promising techniques, but lack funds. The emphasis should be on improving quality of credit, not increased quantity. Intermediate credit is the missing link.

The second major need of these beginning farmers is for improved management. A modern farm, because it uses so much capital, requires a high level of business management. The beginning farmer must (1) know what information and methods are available; but (2) he must be able to analyze this information, and (3) to choose or discriminate or decide - - to develop a program of action for his farm - one that fits his own resources; and (4) he must be able and willing to act to carry out his program - to put first things first. One ability he must develop is how to buy. He is constantly facing a swarm of salesmen.

The beginning farm family must have a large measure of discipline and cooperation so as to divide their limited earnings or borrowings properly between the business and the household. It is a harsh world they live in and

there is no hope at all unless they can keep their living expenses under control during these "development" years.

What is needed is more educational assistance aimed directly at these young families, concentrating on business management and using the direct, on-the-farm teaching approach. The new Extension Farm and Home development program is a step in the right direction. Present resources in Extension and Vocational Agriculture might well be directed more sharply to this group. But more manpower will be needed if the educational needs of the Nation's beginning farmers are to be met in the years ahead as farming grows more complex and more highly capitalized.

In summary, the argument here is that beginning farmers have two vital needs:

1. Improved intermediate credit.
2. Increased educational assistance in business management.